

Accident Fund Insurance Company of America and Subsidiaries

Consolidated Statutory-Basis Financial Statements
as of and for the Periods Ended September 30, 2023, and
December 31, 2022

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS—STATUTORY-BASIS AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

	September 30 2023	December 31, 2022
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	\$ 2,888,665	\$ 2,759,645
Common stocks and mutual funds	220,994	205,850
Property occupied by the Company	99,324	101,148
Cash and cash equivalents	52,418	833,746
Short-term investments	70,440	55,245
Other invested assets - affiliated	616,994	596,677
Other invested assets - unaffiliated	264,755	240,677
Receivable from sale of securities	17,615	33,027
Securities lending reinvested collateral assets	37,180	2,595
Total cash and invested assets	<u>4,268,385</u>	<u>4,828,610</u>
OTHER ADMITTED ASSETS:		
Premiums in the course of collection	263,352	267,750
Premiums deferred and not yet due	477,490	467,572
Net deferred tax asset	111,192	120,544
Investment income due and accrued	24,894	20,447
Other assets	100,425	82,984
TOTAL	<u>\$ 5,245,738</u>	<u>\$ 5,787,907</u>
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES:		
Losses and loss adjustment expenses	\$ 2,415,822	\$ 2,328,332
Unearned premiums	700,120	677,424
Assessments, taxes, and fees payable	33,121	34,400
Payable for purchase of securities	51,753	50,821
Payable for securities lending	37,180	2,595
Note payables and accrued interest	8,072	9,501
Reinsurance balances payable	104,734	151,621
Accrued commissions	43,506	56,553
Accrued pension and postretirement benefits	28,389	23,994
Other accrued expenses	59,801	81,026
Payable for AmeriTrust Group acquisition (Miracle Nova I)	-	608,859
Other liabilities	57,536	63,865
Total liabilities	<u>3,540,034</u>	<u>4,088,991</u>
COMMITMENTS AND CONTINGENCIES		
CAPITAL AND SURPLUS:		
Common capital stock	3,000	3,000
Contributed surplus	134,000	134,000
Surplus notes	350,000	350,000
Unassigned surplus	1,218,704	1,211,916
Total capital and surplus	<u>1,705,704</u>	<u>1,698,916</u>
TOTAL	<u>\$ 5,245,738</u>	<u>\$ 5,787,907</u>

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS—STATUTORY-BASIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (Dollars in thousands)

	Nine Months Ended September 30	
	2023	2022
NET PREMIUMS EARNED	\$ 1,335,809	\$ 1,284,552
UNDERWRITING DEDUCTIONS:		
Losses	725,919	699,997
Loss adjustment expenses	186,698	169,781
Other underwriting expenses	358,312	301,931
Policyholder dividends	-	820
Total underwriting deductions	<u>1,270,929</u>	<u>1,172,529</u>
NET UNDERWRITING GAIN	<u>64,880</u>	<u>112,023</u>
INVESTMENT INCOME:		
Net investment income	66,568	67,854
Net realized capital (loss) gain—net of tax expense (benefit) of \$(2,423) and \$(1,605) in 2023 and 2022, respectively	<u>(16,420)</u>	<u>(50,028)</u>
Total investment income	<u>50,148</u>	<u>17,826</u>
OTHER EXPENSE—Net	<u>(14,322)</u>	<u>(11,546)</u>
INCOME BEFORE FEDERAL INCOME TAXES	100,706	118,303
FEDERAL INCOME TAXES	<u>(25,215)</u>	<u>(33,722)</u>
NET INCOME	<u>\$ 75,491</u>	<u>\$ 84,581</u>

ACCIDENT FUND INSURANCE COMPANY OF AMERICA AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND SURPLUS—STATUTORY-BASIS FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 (Dollars in thousands)

	September 30 2023	December 31, 2022
BALANCE—Beginning of period	\$ 1,698,916	\$ 1,368,343
Net income	75,491	58,505
Change in net unrealized gains and losses on investments—net of tax	18,830	(44,998)
Change in net deferred income taxes	4,223	(13,022)
Change in nonadmitted assets	(38,273)	14,803
Change in the provision for reinsurance	-	(2,193)
Dividends to stockholder	(53,500)	(58,000)
Issuance of surplus notes	-	350,000
Other changes to surplus	<u>17</u>	<u>25,478</u>
BALANCE—End of period	<u>\$ 1,705,704</u>	<u>\$ 1,698,916</u>